

5-11-10

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----	In the Matter of	----)	
)	
	PUBLIC UTILITIES COMMISSION)	DOCKET NO. 2008-0303
)	
	HAWAIIAN ELECTRIC COMPANY, INC.)	
	HAWAII ELECTRIC LIGHT COMPANY, INC.)	
	MAUI ELECTRIC COMPANY, LIMITED)	
	For Approval of the Advanced Metering)	
	Infrastructure (AMI) Project and Request)	
	To Commit Capital Funds, to Defer and)	
	Amortize Software Development Costs,)	
	To Begin Installation of Meters and)	
	Implement Time-of-Use Rates, for)	
	Approval of Accounting and Ratemaking)	
	Treatment, and Other Matters)	
	_____)	

PUBLIC UTILITIES
COMMISSION

2010 MAY 11 P 1:24

FILED

HREA RESPONSE TO
HECO PROCEDURAL PLAN, REQUEST TO DEFER CERTAIN COSTS OF AMI EXTENDED
PILOT TESTING, AND UPDATE ON DEVELOPMENTS
AND
CERTIFICATE OF SERVICE

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HREA RESPONSE TO
HECO PROCEDURAL PLAN, REQUEST TO DEFER CERTAIN COSTS OF AMI EXTENDED
PILOT TESTING, AND UPDATE ON DEVELOPMENTS

Pursuant to the Commission's letter dated April 15, 2010, the Hawaiian Electric Companies¹ filed their (1) Procedural Plan, (2) Request to Defer Certain Costs of AMI Extended Pilot Testing, and (3) update on developments in the Smart grid, Customer Information System ("CIS") and cyber-security areas to the Commission on May 4, 2010.

In its April 15th letter, the Commission also:

¹ Collectively: Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO") and Maui Electric Company Limited ("MECO").

1. Discussed the "Status Conference" that was held at the Commission on April 13, 2010. HREA notes that it did not attend the Status Conference, and respectfully apologizes for this inadvertent scheduling error; and
2. Offered other Parties in the instant proceeding the opportunity to file responses to the HECO Companies' proposal by May 11, 2010, and suspended the deadlines in the Commission's letter dated September 14, 2010 until further notice.

Included herein is Hawaii Renewable Energy Alliance's ("HREA's") response to the HECO Companies' May 14 proposal.

Overall Comments

HREA would first like to reiterate the issues that we raised in our testimony (HREA-T-1) filed on June 22, 2009. Specifically:

1. We support the implementation of a Smart Grid on each of HECO Companies' grids,
2. However, we question the HECO Companies' overall approach to date, which includes a pilot testing phase during which the HECO Companies are presumably to craft an overall strategy or roadmap for full AMI/Smart Grid implementation. To be clear, we see the current approach as putting the "cart before the horse,"
3. Again, we believe that AMI/Smart Grid technology and the development of AMI/Smart Grid Roadmaps should be part of the discussion in the HECO Companies' IRPs, and
4. There is also a need to clarify the appropriate role for Public Benefit Funds Administrator ("PBF Administrator"), given its charter for implementing energy efficiency programs, which we believe can benefit from AMI/SmartGrid technology.

Specific Comments

Given the above overall comments, we would like to amplify some on our concerns about the HECO Companies' proposal as crafted. In large part, these concerns stem from the:

- (i) lack of broad-based review and justification of the approach using mesh-network technology that the HECO Companies are pursuing, noting that we believe such review should occur in IRP, and
- (ii) significant amount of time that has already passed and will pass during existing and proposed "Extended Pilot Testing" phase.

Specifically:

1. Given that the implication of AMI/Smart Grid technology is far-reaching, including the capability of facilitating the implementation of additional renewables on our island grids, we believe it is more efficacious to first draft and seek approval from the Commission of an AMI/Smart Grid Framework. To be clear, the Framework should include both process and substance elements, regarding what the objectives and contents of individual AMI/Smart Grid Roadmaps should include. Once the Framework is approved, we believe the HECO Companies should proceed as soon as possible in IRP to prepare island- or grid-specific AMI/Smart Grid Roadmaps.
2. Given that it will be approximately three years from the onset of the HECO Company AMI/Smart Grid efforts to the completion of the proposed Extended Pilot Testing, it is quite likely that better technology alternatives will be available at that time. Thus, we question the value of continuing to test technology that will likely be obsolete in one or two year's time. Note: we also believe that the current and proposed testing are similar to the typical "check-out" tests conducted by vendors to commission their products for their clients. Moreover, it appears to HREA that the HECO Companies are proceeding in advance of formal approval by the Commission, and we do not believe this is prudent.

3. Regarding preparation of roadmaps and implementation, given both the scope of work and amount of investment that is required, we also believe that all AMI/Smart Grid technology and support services should be procured be via competitive solicitation. Note: we believe it is especially important that independent consultants should be hired, as necessary, to assist HECO in the preparation of the Roadmaps and ultimately the preparation of specifications for system hardware and software.

Recommendations

Given the above, HREA respectfully recommends that the Commission:

1. Not approve the May 14 HECO Companies new plan as proposed, and
2. Instead direct the HECO Companies to draft an AMI/Smart Grid Framework for review by the Parties. This framework should include:
 - a. An overall approach for how AMI/Smart Grids are to be designed and implemented,
 - b. How individual island AMI/Smart Grids are to be planned and implemented within the individual Company IRPs, and
 - c. A proposed timeline for development and approval of the proposed Framework, and a timeline for preparation of AMI/Smart Grid Roadmaps for each the individual Company grids.

<This concludes our response to the HECO Companies' proposal at this time>

DATED: May 11, 2010, Honolulu, Hawaii


President, HREA

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Comments upon the following parties by causing a copy (ies) hereof to be hand-delivered or electronically transmitted:

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Date: May 11, 2010



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